Phyllis, Mark, Bill
for your review
Thanks, Jo
2/22

MINUTES OF SALARY COMMITTEE MEETING

LANE TRANSIT DISTRICT BOARD OF DIRECTORS

January 27, 1993

The Salary Committee of the Lane Transit District Board of Directors met on Wednesday, January 27, 1993, at 12:00 p.m. in the District conference room at 3500 E. 17th Avenue, Eugene.

Present: Janet Calvert
Tammy Fitch, Committee Chair
Thom Montgomery
Phyllis Loobey, General Manager
Tim Dallas, Director of Operations
Bill Nevell, Personnel Administrator
Jo Sullivan, Recording Secretary

DISCUSSION OF FISCAL YEAR 1993-94 STAFF SALARY AND BENEFIT RECOMMENDATION: Ms. Loobey provided a brief introduction for the Committee members. She called their attention to page 2 of the agenda packet for the meeting, which discussed the steps the staff salary committee (general manager, director of administrative services, director of operations, and personnel administrator) had taken to develop their recommendation. She reminded the Committee that they had met earlier in the fiscal year to discuss a longer-term view of staff salary and benefits issues, including the pension plan. She said that if the Board approved a salary survey, that would help accomplish the longer-term perspective.

The staff recommendations were: (1) a uniform 3 percent adjustment to the salary schedule, at an annual cost of $52,575; (2) an increase in the District's contribution to the retirement plan by .75 percent, as a percent of base salary, at an annual cost of $13,538; and (3) the hiring of a consultant to conduct a comprehensive salary and benefits survey and review the District's system for classifying staff positions, at a maximum cost of $10,000.

In discussing the salaried employees' pension plan, Ms. Loobey explained that Social Security is paid on a sliding scale, with the higher income levels receiving less in Social Security, so that Social Security for those in lower income levels makes up a higher percentage of income. In the past, LTD's retirement formula did the same, so that those in the higher income levels were at a disadvantage with the combined Social Security and pension plan. Currently, LTD's pension plan formula made up 38 percent of pre-retirement income across the board, to compensate for the fact that Social Security was on a sliding scale.

Retirement plan contributions in other public sector organizations averaged between 11 and 16 percent, as a percentage of base salary. With the proposed .75 percent increase, LTD's plan would be at 7.75 percent. That increase would allow the District to move from FAS (final average salary) 5 to FAS 3, which means that retirement income would be based on an average of the last three years, rather than the last five, providing a higher average.

Ms. Loobey said that Cascade Employers Association, of which LTD was a member, possibly could perform a salary survey for less than $10,000. Because of LTD's membership, the District could probably contract with Cascade and not go out to bid. Ms. Calvert wondered if a primary emphasis would be to look at internal consistencies. Ms. Loobey said that there would be a comparison of benchmark positions. She explained that currently, classifications were arranged in equity positions based on their duties and responsibilities, in a system that had been recommended by the James Study a number of years ago. If the 93-94 salary survey looked at several positions and found that they were in line with similar positions in the marketplace, the District could probably assume that the others were in line, as well, unless a position's duties had changed. She said that staff were not thinking of doing a full classification study at this time.

Ms. Calvert asked if comparisons would be made with private sector, as well as public sector, positions. Ms. Loobey said that they would, because that was part of LTD's market, and the private sector would be a leveling component. It was sometimes difficult to find positions in the private sector to compare, and would be extremely difficult if LTD's positions were only compared with small private employers. She said the consultant would need to try to find comparably-sized organizations with technical staff, support staff, operations staff, etc. She said that Labatt would have been appropriate for comparison, but they were no longer in business, having been bought out by a larger company.

Mr. Nevell gave a brief summary of the employee survey, which included comparisons to information collected in 1990 from employees. He said that the same three compensation issues were rated as top priority in both surveys. It appeared that, generally, staff were satisfied with the compensation package, with some areas which they would like to have improved. They also seemed to be satisfied with their ability to meet with the Executive Committee to discuss compensation issues.

Ms. Fitch asked if the District had considered other HMO's, because of the employees' desire for no out-of-pocket health care costs. Mr. Nevell said that other HMO's had been considered in the past. Ms. Fitch said there currently were more available, and that she saw moving to HMO's as a real trend among employers, in order to control costs, because all the players (doctors, hospitals, etc.) were participants in the program. Ms. Loobey explained that the administrative employees were tied to the union in the health care plan, because it would be expensive to separate 40 employees into a separate group. The cap on what the District would pay toward employee health care costs was set during each negotiations process.

Ms. Calvert asked what benefits the part-time contract employees received. Mr. Nevell said that they received medical and dental benefits equivalent to full-time, but for the employees only. Adding family members was an out-of-pocket expense for them. They also now had some sick leave, vacation, and holiday time.

ITEMS FOR INFORMATION:

Discussion of Vacation/Consolidated Annual Leave (CAL) Time Accrual: Ms. Loobey said that staff had prepared a response to the auditor's concerns about the high vacation accrual liability at the District. She explained that Consolidated Annual Leave (CAL) was a combination of both vacation and sick leave, so many employees preferred to have CAL time available in case of illness, especially since there was a 60-day wait before the District's long-term disability program began. One way to deal with the accrual liability would be to increase the amount of time off employees had to take in a year, for employees employed more than six years, so the District's CAL plan would be revised to reflect that change. Currently, employees were required to take five days per year. The policy would be changed to require employees to utilize five days of CAL time during years two through five; ten days in years six through ten; and 15 days during year 10 and beyond. Ms. Fitch commented that the CAL change would require employees to take more of their CAL time during the current year, rather than later at a higher salary.

Ms. Fitch asked how holidays were calculated in CAL time. Mr. Nevell replied that they were separate, and that staff received eight holidays a year in addition to CAL time. Ms. Calvert said that, after six months, state employees begin accruing one day per month. Ms. Fitch thought that 17 days of CAL time for the first year was very good, but Mr. Montgomery thought it was fairly normal, and that after the second six months, state employees ended up with about 12 days, if both sick leave and vacation time were counted. Ms. Fitch thought that private sector employees normally earned one week of vacation after the first year and two weeks after the second year, with varying rates of sick leave accrual, usually about one day a month. Mr. Dallas said that 17 days looked like a lot when put together, as in CAL time, but public sector employees usually earned one or two weeks of vacation after the first year, and it was not uncommon to earn one or two days a month. The 17 CAL days included floating holidays and the birthday holiday, which had been granted separate from vacation time before the District began the CAL plan. Mr. Nevell added that the CAL plan gave employees a lot of flexibility in how they used their time.

In response to a question about donating sick leave to others, Mr. Nevell said that the bargaining unit employees had talked about sharing or donating sick leave to other employees, but were unable to because of Federal Labor Standards Act (FLSA) policies.

Reclassification of District Positions: Ms. Loobey explained that the reclassification information did not need Board ratification, except as part of the budget process. Staff used the classification system developed by the Fred S. James Company, and annually asked division administrators if they believed any of their staff positions needed to be reviewed because of job changes. This year six or seven reviews were requested, and the staff salary committee agreed that four of those positions should be upgraded. Those were the graphic designer, the customer service administrator, the maintenance supervisors, and the inventory supervisor. Those upgraded positions would appear in the FY 93-94 budget.

SALARY COMMITTEE DELIBERATION AND RECOMMENDATION: Ms. Calvert said that the staff recommendation was about a $76,000 package, including the salary and benefits survey. Mr. Montgomery asked how comprehensive the survey would be, or whether it would just compare salaries. Mr. Nevell said it would be more comprehensive than just salaries. For instance, staff had nothing with which to compare the recommended .75 increase to the retirement plan, other than knowing what contributions to payroll are made at other organizations, so that kind of comparison would be helpful. Ms. Fitch remarked that LTD was still at least four points low in comparison to other retirement plans.

Ms. Calvert said that a few years ago it seemed to be a real concern that the Oregon Legislature would force LTD to convert to the Public Employee Retirement System (PERS), which would be very expensive to do all at one time. Ms. Fitch said she would love to see a five-year (or more) long-range plan, to see what logical steps would be needed to get LTD's retirement plan to the level of PERS. She said that salary increases would be reflected by the cost of living and salary survey, but the District needed logical steps for the retirement plan for future committees to follow. Ms. Loobey thought this was a good idea, and said she could have Milliman and Robertson work on it. She noted that a PERS requirement was that future COLA costs be funded, which was very expensive. Staff had looked at earnings for the period and decided how much of those earnings should be redistributed. Another goal for the retirement plan was to keep up with inflation, so retirement could keep up with the 70 to 90 percent purchasing power range. She said staff would ask Milliman and Robertson to look at the differences between LTD's retirement plan and PERS, to see where LTD was deficient and what changes should be made in the retirement plan in the long term. She added that a cost of living adjustment had never been made in the administrative employees' retirement plan, so that was corrected this year.

Ms. Loobey said that one advantage of not changing to the PERS plan was that District staff were the trustees of the retirement plan, rather than the Legislature. Ms. Fitch thought it might take more than 11 percent to get the District's plan to a place comparable with PERS.

MOTION

Ms. Fitch moved that the Board Salary Committee recommend to the full Board the staff recommendation of: (1) a uniform 3 percent adjustment to the salary schedule, at an annual cost of $52,575; (2) an increase in the District's contribution to the retirement plan by .75 percent, as a percent of base salary, at an annual cost of $13,538; and (3) the hiring of a consultant to conduct a comprehensive salary and benefits survey and review the District's system for classifying staff positions, at a maximum cost of $10,000. Ms. Calvert seconded the motion, and said she wanted to emphasize that this survey would include the private sector, and would not include an internal classification study. There was no other discussion,

VOTE

and the recommendation passed by unanimous vote.

Mr. Montgomery thanked staff for the clear and reasonable materials. The meeting was adjourned at 1:15 p.m.

Recording Secretary